

Message Text

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ACTION EA-12

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TO SECSTATE WASHDC 9123
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CINCPAC

C O N F I D E N T I A L VIENTIANE 0356

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: EAID PEPR PDEV FR LA
SUBJECT: FRENCH/LPDR RELATIONS

REF: A 77 VIENTIANE 1330, B 76 VIENTIANE 2544, C 76
VIENTIANE 2900, D 77 VIENTIANE 0025, E VIENTIANE
A-04 FEBRUARY 17, 1978

1. FRENCH EMBASSY SOURCES INFORM US THAT DURING THE
FIRST WEEK OF MARCH, THE LPDR REQUESTED THE PRIVATE
FRENCH MINING COMPANY, SOCIETE D'ETUDES ET D'EXPLOITA-
TION MINIERES DE L'INDOCHINE (SEEMI), TO SEND A DELEGA-
TION TO THE LPDR TO DISCUSS COMPENSATION FOR NATIONALI-
ZATION OF THE SEEMI MINES. THE SEEMI MINES IN
KHAMMOUANE PROVINCE WERE NATIONALIZED BY THE LPDR IN
SEPTEMBER 1977 WITH NO COMPENSATION (REF A).

2. OUR SOURCE TOLD AN EMBASSY OFFICER MARCH 19 THAT
THE LPDR REFUSAL TO COMPENSATE SEEMI AND TO REPAY DEBTS
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OWED TO THE FRENCH GOVERNMENT WERE THE TWO OUTSTANDING
PROBLEMS THAT HAD TO BE RESOLVED BEFORE FURTHER FRENCH
BILATERAL AID PROJECTS TO THE LPDR WOULD BE EXTENDED.

3. THE FIRST ROUND OF FRENCH/LAO DISCUSSIONS IN
OCTOBER 1976 ON PROSPECTIVE FRENCH AID TO THE LPDR
FAILED TO RESOLVE THESE OUTSTANDING PROBLEMS, AS

REPORTED REF B. (DURING THE NEGOTIATIONS, HOWEVER, THE LAO AGREED TO COMPENSATE THE PRIVATE FRENCH BEVERAGE COMPANY "BGI"--- BRASSERIES ET GLACIERES INTERNATIONALE -- FOR NATIONALIZATION, REF C.) SINCE THEN, THE FRENCH POLICY HAS BEEN TO WAIT FOR THE LAO TO INITIATE THE SECOND ROUND OF DISCUSSIONS, AS REPORTED IN REF D.

4. OUR SOURCE SAID THAT HE VIEWED THE LAO INITIATIVE TO DISCUSS COMPENSATION RIGHTS WITH SEEMI AS A POSITIVE SIGN THAT THE LPDR WANTED TO RESOLVE OUTSTANDING PROBLEMS WITH THE FRENCH GOVERNMENT.

5. COMMENT: AS REPORTED IN REF E, THE LPDR HAS RECENTLY SUFFERED ECONOMIC SETBACKS AND IS NOT OBTAINING SUFFICIENT DEVELOPMENT AID FROM OTHER COMMUNIST COUNTRIES. WE BELIEVE THAT, WHEREAS THE LPDR CLEARLY WOULD PREFER TO LIMIT THE NUMBER OF WESTERN AID EXPERTS RESIDENT IN LAOS, IT IS NONETHELESS INTERESTED IN ACCEPTING WESTERN DONATED COMMODITY AND DEVELOPMENT AID. THE LAO MAY HAVE REALIZED THE ECONOMIC ADVANTAGES OF MAKING TOKEN PAYMENTS TO COMPENSATE SEEMI AND TO REPAY THE FRENCH DEBT IN ORDER TO RECEIVE GREATER AMOUNTS IN FRENCH AID. FURTHERMORE, PRESSING ECONOMIC NEEDS MAY HAVE MITIGATED THE LAO IDEOLOGICAL AVERSION TO MAKING CONCESSIONS TO THE "COLONIAL IMPERIALISTS."

ROBERTS
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